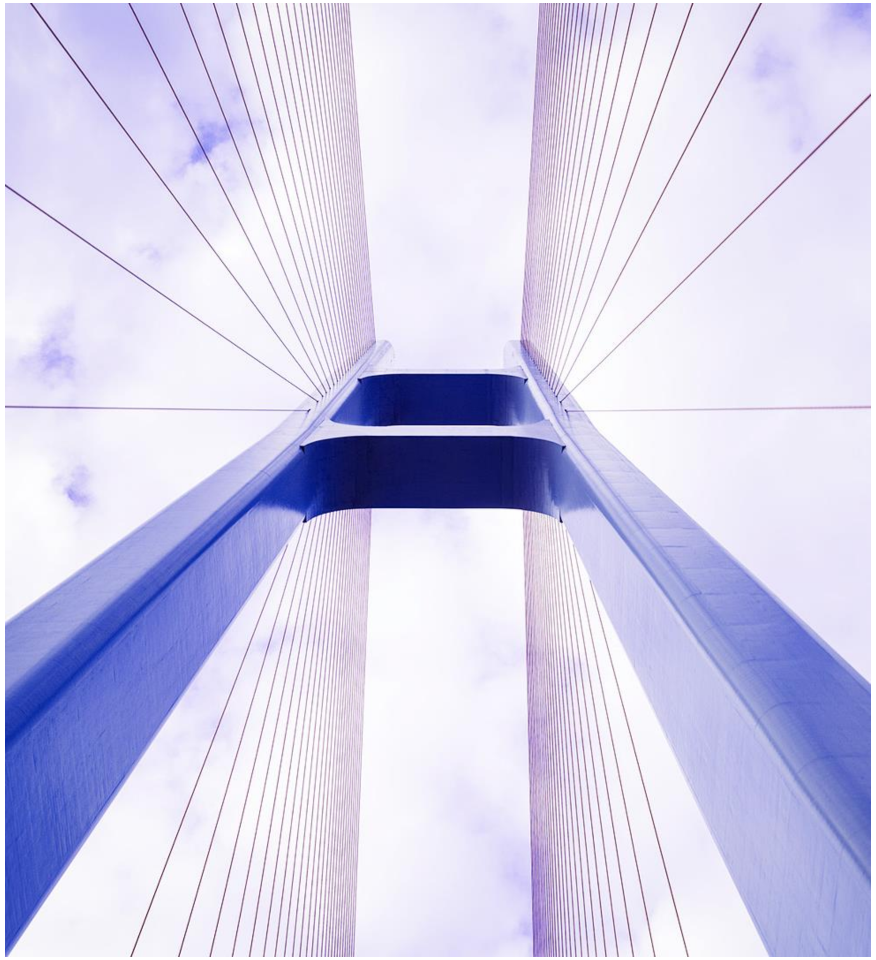
KPMG

Public Sector Accounting and Sustainability Update

FMI

May 2025



Agenda

01 Focus on new conceptual framework and reporting model

02 Focus on ongoing projects

03 Focus on public sector sustainability reporting

Effective dates of new standards

Topic	Effective Date (Years commencing on or after)
Financial Statement Presentation (PS1202)	April 1, 2026
Conceptual Framework	April 1, 2026

01 Focus on conceptual framework and reporting model

Conceptual Framework and Reporting Model

- Effective for fiscal years beginning on or after April 1, 2026.
- 10 chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial statement objectives.
- Foundational concepts and principles impacting preparers, auditors, users, and standards development.
- Various presentation and terminology changes impacting net debt, liabilities (separate into financial and non-financial liabilities), statement of remeasurement gains/losses.

Key characteristics of public sector entities

1. Inherent public accountability
2. Unique governance structures (political, legislative or regulatory impacts).
3. Many public interest objectives
4. Nature and use of public resources
5. Significant non exchange transactions
6. Longevity/ going concern presumption

Complete, transparent financial reporting supports public sector entity accountability to the public and elected or appointed representatives

<u>**Concept of service capacity**</u>

Financial Statement Foundations

1. Identifiable reporting entity
2. Control
3. Unit of measure
4. Accrual basis of accounting

Financial Statement Objectives

1. Scope
2. Reporting financial position
3. Reporting changes in financial position
4. Comparing actual financial performance to that budgeted
5. Disclosing non compliance with financial authorities
6. Disclosing risks and uncertainties

Qualitative Characteristics of Financial Information

1. Relevance
2. Faithful representation
3. Verifiability
4. Comparability
5. Understandability
6. Timeliness

Objective of balancing:

1. benefit versus cost;
2. materiality;
3. prudence

Conceptual framework and reporting model

Highlights of Proposed Reporting Model
Relocate Net Debt to separate statement
Financial and non-financial liabilities
Third component of net assets: accumulated other
Revised net debt calculation
Remove statement of net debt
New statement of change in net assets
New budget requirements

Proposed PSAB reporting model

A complete set of financial statements is defined to include:

1. Statement of financial position - report financial assets, non-financial assets, financial liabilities and non-financial liabilities, net assets/ net liabilities,
2. NEW - Statement of net financial assets or net financial liabilities - focuses on the affordability aspect of financial position . The statement should include an explanation of meaning of the indicator.
3. Statement of operations - presents all the revenues and expenses that account for the surplus or deficit of the period. Explains the change in the accumulated surplus or deficit component for the period.
4. NEW - Statement of changes in net assets or net liabilities - presents all the revenues and expenses of the period, including those recognized outside of surplus or deficit of that period. Presents the changes in the various components of net assets or net liabilities as a result of the entity's activities in the period (including accumulated remeasurement gains and losses, accumulated other, and share capital where relevant).
5. Statement of cash flow; and
6. Accompanying notes and schedules.

Statement of Financial Position
as at March 31

	20X3	20X2
Financial assets[1]	xx	xx
Non-financial assets[1]	xx	xx
Total assets	xx	xx
Financial liabilities[1]	xx	xx
Non-financial liabilities[1]	xx	xx
Total liabilities	xx	xx
Net assets (net liabilities)	xx	xx
Net assets (net liabilities) components:		
accumulated surplus/deficit	xx	xx
accumulated remeasurements	xx	xx
accumulated other	xx	xx
	xx	xx

New Structure

New Categories

New Component

An entity can choose to present the net financial assets or net financial liabilities indicator. The indicator would also need to be presented on the statement of net financial assets or net financial liabilities.

New Statement

Statement of Net Financial Assets (Net Financial Liabilities)
as at March 31

	20X3	**20X2**
Financial assets	xx	xx
Financial liabilities	xx	xx
Net financial assets (net financial liabilities)	xx	xx

New Name

An entity can choose to present the change in the above indicator and the reasons for the change.

New Option

This presentation allows all the information on the indicator to be on one statement.

Statement of Operations
for the year ended March 31

	Budget	20X3	20X2
Revenue[1]	xx	xx	xx
Expense (by function)[1]	xx	xx	xx
Surplus (deficit)	xx	xx	xx

Requirements for the Budget Presented on the Statement of Operations

- Budget should be presented using the same:
  - basis of accounting;
  - accounting principles;
  - scope of activities; and
  - classifications

  as the actual amounts.
- When budget information is not prepared or approved, an acknowledgment stating this fact should be presented, as the budget is a key aspect of the accountability cycle.
- Amended budgets may be used but only in certain specific circumstances when there has been a change in governance.

New Requirements

Statement of Cash Flow
for the year ended March 31

	20X3	20X2
Cash beginning of year	xx	xx
Cash provided by (applied to) operating transactions[1]	xx	xx
Cash provided by (applied to) capital transactions[1]	xx	xx
Cash provided by (applied to) investing transactions[1]	xx	xx
Net cash provided by (applied to) operating, capital and investing transactions	xx	xx
Net cash before financing transactions	xx	xx
Cash provided by (applied to) financing transactions[1]	xx	xx
Cash end of year	**xx**	**xx**

New Requirements

Both the indirect and direct methods are allowed to report cash flow from operations.

New Statement

Statement of Changes in Net Assets (Net Liabilities)
for the year ended March 31

	20X3	20X2
Accumulated Surplus/Deficit		
Surplus (deficit)	xx	xx
Opening balance	xx	xx
Ending balance	xx	xx
Accumulated Remeasurements		
Change in remeasurements[2]	xx	xx
Opening balance	xx	xx
Ending balance	xx	xx
Accumulated Other		
Change in accumulated other[2]	xx	xx
Opening balance	xx	xx
Ending balance	xx	xx
Total Net Assets (Net Liabilities)	**xx**	**xx**

Implementation Approach

Phase 1 – Understand Impact

- Understanding existing financial reporting processes
- Examine chart of accounts and trial balance
- Accounting policy review
- Gap assessment and implementation plan

Phase 2 – Implementation

- Data gathering and financial data analysis
- Budget and performance reporting
- System and software impacts
- Implementation and compliance adjustments

Stepping Into the Reporting Model

Team Members & Tasks	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
Meetings/ Reviews/ Presentations	●	●	●	●	●	●	●	●	●	●
Phase 1 - Assessment										
Understanding existing financial reporting process										
Examine chart of accounts and trial balance										
High level accounting policy review										
Phase 2 - Implementation										
Data Gathering and Financial Data Analysis										
Budget and Performance Reporting										
System and Software Amendments										
Implementation and Compliance Adjustments										
Template FS										★
Systems, policies & procedures aligned with new PSAS										★

02 Focus on ongoing projects

Future standards

Employee benefits (proposed standard)

- Replace the current sections PS 3250 Retirement benefits and PS 3255 Post-employment benefits, compensated absences and termination benefits.
- Initial exposure draft issued July 2021.
- Re-exposure draft was released in October 2024.
- Uses principles from International Public Sector Accounting Standard 39 Employee benefits as a starting point to develop the Canadian standard.
- Deliberating feedback on re-exposure draft.
- Proposed effective date April 1, 2029

Purpose and Scope

Employee benefits include

- Short-term: paid sick leave, wages, bonuses, medical
- Post-employment: pension, life insurance, medical
- Other: long-service benefit, long-term disability, sabbatical

They can arise from

- Formal plans and agreements
- Legislative requirements
- Informal practices (constructive obligation)

Recognition

Recognition of employee benefits

- A liability when an employee has provided service in exchange for employee benefits to be paid in the future
- An expense when the government consumes the economic benefits of the service provided by the employee in exchange for employee benefits

- Short-term benefits
  - Accumulating – as employees provide service
  - Non-accumulating – when absences occur
  - Vesting or non-vesting

Statement of Financial Position

Possible approaches to recognition of actuarial gains and losses

1. Deferred recognition (status quo)

Accrued benefit obligation

\- Plan Assets

<u>+/- unamortized actuarial gain/loss</u>

= Net Defined Benefit Liability

2. Immediate recognition (exposure draft proposal)

Accrued benefit obligation

<u>- Plan Assets</u>

= Net Defined Benefit Liability

Statement of Operations

Possible approaches to recognition of actuarial gains and losses

1. Immediate recognition

   Recognized in annual surplus when they arise

2. No recognition (exposure draft proposal)

   Recognized in accumulated surplus when they arise

   Not recognized in annual surplus

3. Deferred recognition (status quo)

   Recognized in accumulated surplus when they arise

   Recognized in annual surplus in subsequent periods

Re-exposure Draft - Discount Rate

- fully funded plans = expected market-based return of plan assets
- unfunded plans = market yield of government bonds, high-quality corporate bonds or another appropriate financial instrument

A simplified approach to determining a plan’s funding status is provided.

Ongoing projects – Intangible assets

Standard	Summary and implications
Background	• Replace Public Sector Guideline 8 *Purchased Intangibles* • Effective fiscal years beginning on or after April 1, 2030 with early adoption permitted • Responses due May 30, 2025
Definition	• An identifiable non-monetary economic resource without physical substance • Separate and identifiable from goodwill • Control over the intangible resource, future economic benefits flow from the intangible resource • Result of a past transaction and/or other events
Examples	• Software not integral to related hardware • Patents • Copyrights • Acquired fishing licenses • Acquired import quotas

Ongoing projects – Intangible assets

Standard	Summary and implications
Recognition	• When it meets the definition of an intangible • Can be measured in a faithfully representative way

Internally generated	• Not intangibles = brands, goodwill, mastheads, publishing titles
	• Research phase and a development phase
	• Research = expense
	• Development = recognize if all the following criteria are met
	  • Technical feasibility
	  • Intention and ability to complete
	  • Ability to use or sell
	  • Future economic benefits
	  • Adequate technical, financial and other resources to complete development and use or sell
	  • Ability to measure cost in faithfully representative way

Ongoing projects – Intangible assets (continued)

Standard	Summary and implications
Measurement	• Separately acquired = cost • Internally generated = directly attributable expenditures to create, produce, prepare asset for operating in intended manner • Exchange of assets = fair value (or carrying value of asset given up)
Useful life and amortization	• Finite or indefinite life • Impairment testing based on recoverable service amount • Higher of fair value less cost to sell and value in use
Disclosure only	• Works of art, historical treasures, collections

Ongoing projects – Cloud computing arrangements

Summary and implications

- Survey to gather insights to inform development of a guideline
- Seeking information about
  - cloud computing arrangements being encountered
  - magnitude of costs
  - key arrangement terms
  - current accounting policies and unique challenges in practice
- Complete the survey by May 30, 2025

03 Focus on public sector sustainability reporting

What is ESG?

Environmental

Our IMPACT on our planet

- Climate change
- Greenhouse gas (GHG) emissions
- Natural resource depletion
- Waste and pollution
- Deforestation
- Hazardous materials
- Biodiversity

Social

Our IMPACT in our communities

- Working conditions, including slavery and child labour
- Impact on local communities Conflict regions
- Health and safety
- Employee diversity, equity, and inclusion
- Alignment with shifting health priorities and issues

Governance

Our Conduct

- Ethical research
- Bribery and corruption
- Political lobbying and donations
- Board diversity and structure
- Stakeholder engagement

While companies have material ESG issues specific to their industry, geography and mandate, topics that are commonly a part of stakeholder agendas include:

E

- Environmental impact of products & services
- GHG emissions from own operations and from products & services
- Water use and in supply chain
- Effluents and waste
- Land use and biodiversity and in supply chain
- Climate change impact on company operations and strategy

S

- Social impact of products & services
- Human rights and in supply chain
- Access to basic services
- Community relations
- Human capital (talent management & retention)
- Occupational health & safety
- Diversity, equity and inclusion

G

- Board efficacy, composition & compensation
- Data privacy and cybersecurity
- Business ethics
- Bribery and corruption
- ESG integration into financials
- Ethical research
- Partners and stakeholders
- Resilience and financial stability
- Political contributions

ESG is driven by stakeholder expectations

Stakeholders are increasingly putting pressure on companies to manage their ESG risks and opportunities and disclose their ESG performance in alignment with global standards and frameworks forcing them to completely rethink their business model and integrate ESG factors into decision-making.

Providers of Capital

Investors, lenders and insurers are starting to require companies to demonstrate their ESG strategy as well as their ESG performance, which will impact access to capital.

Suppliers

Regulators, investors and customers expect companies to account for their ESG impacts in their supply chain as well and ensure that their suppliers have also adopted ESG principles.

Customers

Customers (both individuals and businesses) want to purchase from organizations with clearly articulated values and ethical and responsible practices.

Communities

Communities are seeking out organizations that prioritize their needs and do no harm to their people and environment.

Employees

Employees want to work at an organization that is purpose and value driven--a place that they feel is sustainable.

Regulators

Regulators want to ensure all organizations are following the relevant regulatory guidelines.

Business partners

Business partners want to work with organizations that have clear and compelling sustainability stories aligned to their own values.

SUSTAINABLE DEVELOPMENT GOALS

ESG Reporting Environment

No formal requirement to report…. Yet

Governments are not formally required to report under standards issued by the ISSB and other frameworks, but the IPSASB Sustainability Steering Committee is working on public sector guidance.

Leading governments are advancing on climate and biodiversity reporting

Growing best practices in government reporting against various frameworks (United Nations Sustainable Development Goals; Sustainability Accounting Standards Board; TCFD; GRI)

A clear split in readiness to report

Emerging assurance standards

Certain governments are considering limited assurance on certain ESG performance indicators. International Standard on Sustainability Assurance 5000, General Requirements for Sustainability Assurance Engagements in the consultation phase.

The ESG imperative for investing

ESG has a direct correlation to the ability to attract investment into your community.

ISSB standards: The global and Canadian baseline

▶ S1: The general standard sets the foundation

- General features of sustainability reporting, including materiality
- Core content across the four areas, underpinned by practical guidance, such as location & timing of disclosures

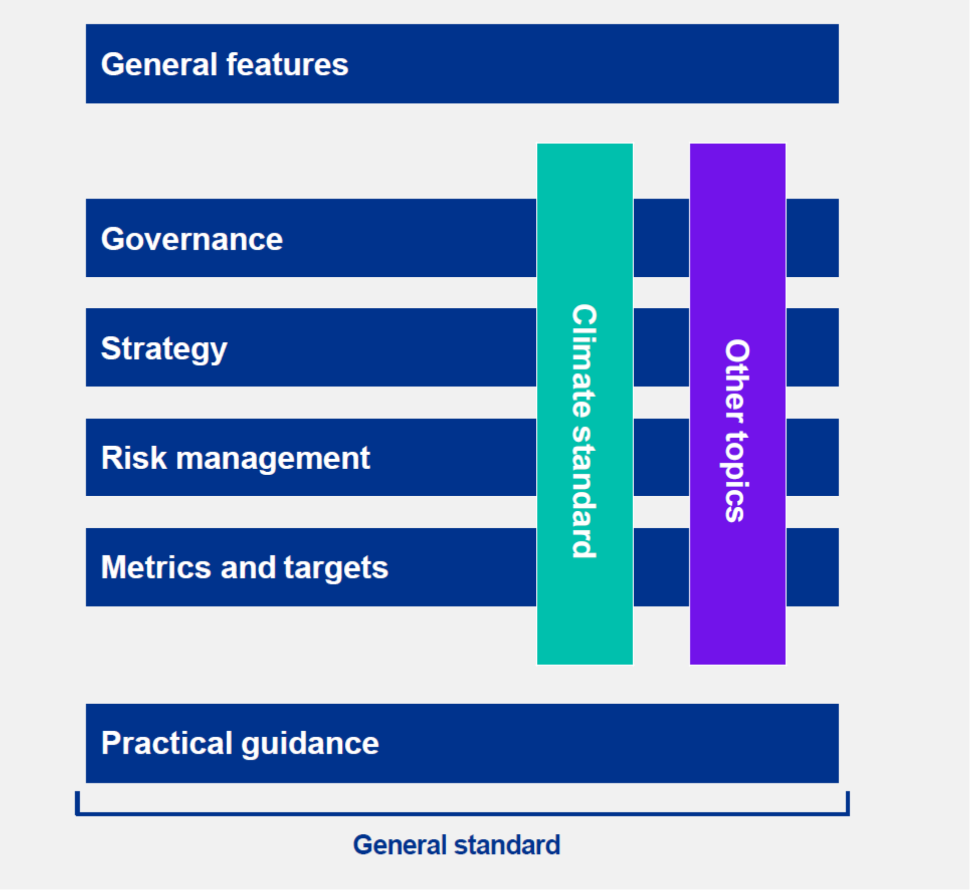
▶ S2: The climate standard provides additional detail

It builds on the four content areas with additional guidance, particularly in relation to:

- Disclosure of risks, climate transition plans, GHG emissions and scenario analysis; and
- General and industry-specific financial & non-financial metrics.

▶ Future standards are expected to follow

- Additional standards are expected in the future, providing general and industry-specific guidance on other topics – e.g. biodiversity and human capital
- For sustainability-related risks and opportunities where ISSB guidance is not available, SASB is expected to be used and can be supplemented by other frameworks like CSRD



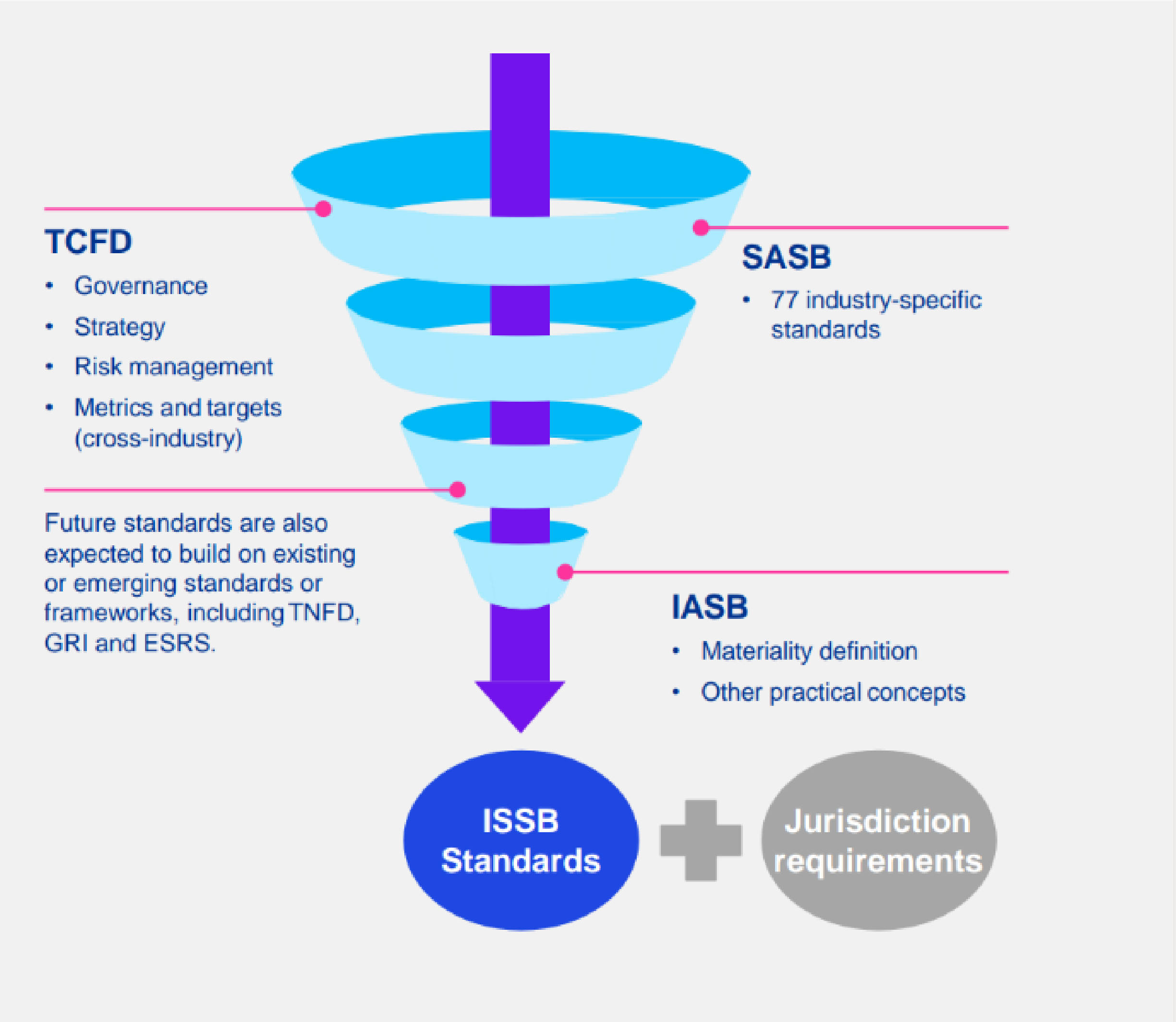
What are the standards based on?

▶ Consolidating the latest thinking of existing frameworks and standards

- Follow the four pillars of the TCFD's recommended disclosures: governance, strategy, risk management, and metrics and targets.
- Enhanced by climate-related, industry-specific metrics derived from the SASB's 77 industry-specific standards.
- Incorporate concepts and principles used in IFRS Accounting Standards from the IASB.
- Additional input from other frameworks and stakeholders, including CDSB and Integrated Reporting.

▶ Bringing financial reporting concepts to sustainability reporting

- Built using a similar approach to IFRS Accounting Standards.



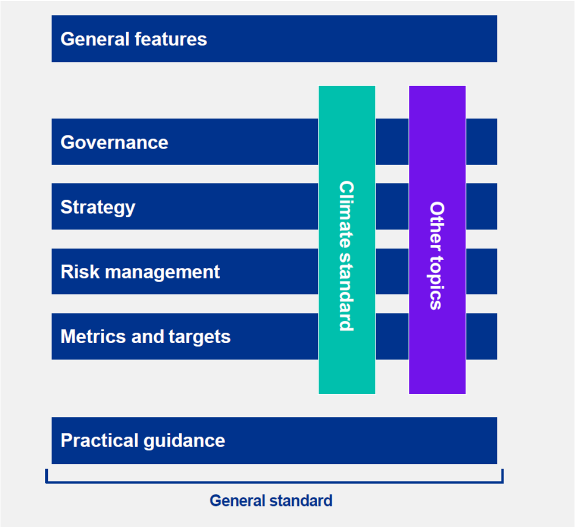
Introducing the CSSB's standards

▶ **CSSB releases first two standards**

- Canadian Sustainability Disclosure Standard (CSDS) 1, *General Requirements for Disclosure of Sustainability-related Financial Information*
- Canadian Sustainability Disclosure Standard (CSDS) 2, *Climate-related Disclosures*

▶ **Alignment with IFRS S1 and S2**

- Proposed CSDS 1 and proposed CSDS 2 are aligned with IFRS S1 and S2 with the exception of a **Canadian-specific effective date** and **incremental transition relief**



Effective date

The proposed standards are effective January 1 2025.

The proposed standards are voluntary.

Reporting period

Disclose sustainability-related information at the same time* and for the same period as the financial statements.

Connected information

Sustainability-related financial disclosures need to be connected to the financial statements.

Both are included as part of a company's general purpose financial reports.

Forward looking

The standards require forward-looking insight about sustainability-related risks and opportunities that could reasonably be expected to affect the company's prospects.

Comparative information

Comparative information* required for all amounts disclosed in the reporting period, including narrative and descriptive disclosures when useful to investors' understanding of the current period disclosures.

* Subject to proposed transition relief

Illustrative example – Transition options

Reporting timeline of a company with a calendar year end applying the proposed standards with optional transition relief from January 1, 2025:

The CSSB does not have the mandate to require assurance

2025

Reporting in 2026

First year of reporting

- Climate only
- Exclude Scope 3 GHG emissions
- Report after the financial statements
- No comparatives

2026

Reporting in 2027

Second year of reporting

- Climate only
- Exclude Scope 3 GHG emissions
- Reporting at the same time as the financial statements
- Comparatives for climate only

2027

Reporting in 2028

Third year of reporting

- Reporting on all topics
- Scope 1, 2 and 3 GHG emissions
- Reporting at the same time as the financial statements
- Comparatives for climate only

2028

Reporting in 2029

Fourth year of reporting

- Reporting on all topics
- Scope 1, 2 and 3 GHG emissions
- Reporting at the same time as the financial statements
- Comparatives for all topics

CSDS 1 and 2 – Incremental transition relief

The following table summarizes the transition relief options available in the Canadian Sustainability Disclosure Standards and a comparison to transition relief options available in the IFRS Sustainability Disclosure Standards. The duration of relief is based on the initial year of application.

Transition relief	Description	Duration of relief in CSSB Standards	Duration of relief in ISSB Standards
Timing of reporting	Companies are not required to publish their sustainability-related financial disclosures at the same time as their general-purpose financial reports for the first three annual reporting periods. • In year 1, up to 9 months of relief * • In year 2 and 3, published within 6 months of a company's year-end	1 year of up to 9 months relief 2 additional years of up to 6 months relief ** The duration of relief is dependent on the interim information the company provides (required, voluntary or does not provide)*	1 year of up to 9 months relief
Comparative information	Comparative information is not required in the first annual reporting period.	1 year	1 year
Non-climate-related risks and opportunities	Disclosure of information about non-climate-related sustainability risks and opportunities is not required in the first two annual reporting periods.[1]	2 years	1 year
Scope 3 GHG emissions	Disclosures of Scope 3 greenhouse gas emissions are not required for the first three annual reporting periods.[1]	3 years	1 year
The use of the GHG Protocol	Companies are allowed to continue their existing measurement method for Scope 1, 2 or 3 greenhouse gas emissions (i.e. measurement other than the GHG Protocol Corporate Standard) in the first annual reporting period.[1]	1 year	1 year
Climate resilience	Companies are not required to use quantitative climate-related scenario analysis for the first three annual reporting periods.[1]	3 years	N/A

[1] Companies are permitted to continue to use this relief when presenting comparative information in subsequent reporting periods.

Focus on the climate-related disclosures draft standard

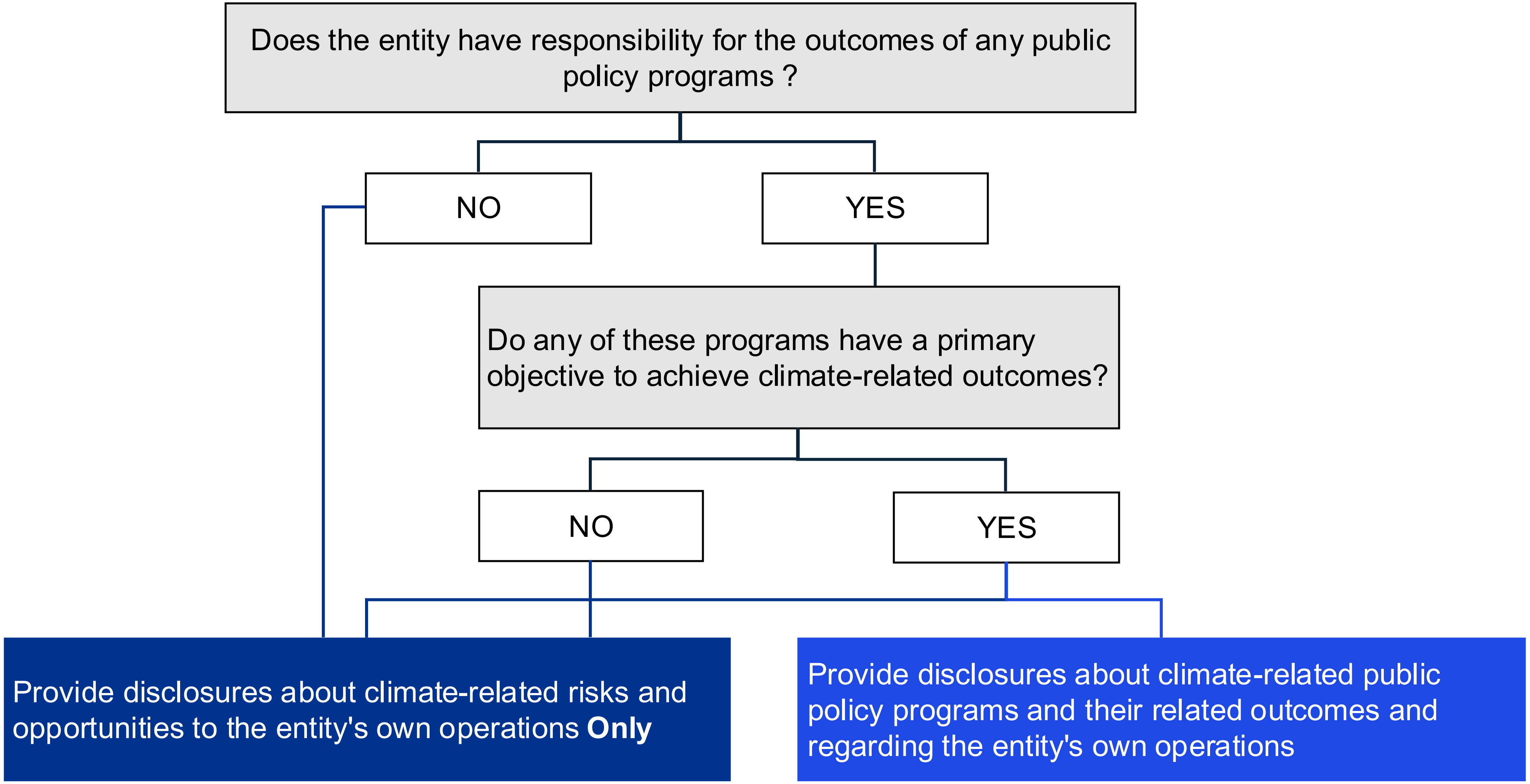
IPSASB climate-related disclosures - Background

- Draft standard issued **October 31, 2024** with backing from the World Bank
- Open for public consultation through to **February 28, 2025**
- It is expected that the final standard will be issued during H2, 2025
- Aims to help public sector entities communicate how climate-related factors may impact their financial and operational performance, while also demonstrating the effectiveness of their climate-related policy actions.
- Developed based on TCFD and IFRS S2 standard and Global Reporting Initiative (GRI) standards.
- The official name of the standard is “IPSASB SRS exposure draft 1, climate-related disclosures”

Objective of the Climate Disclosure Standard

- This standard helps public sector entities disclose consistent, comparable, and verifiable climate-related information to help with decision-making in their general purpose financial reports
- Conceptual foundations aligned with IPSASB Conceptual Framework
- The draft requires an entity to disclose material information about:
    - The climate-related risks and opportunities to its own operations, including physical risks and transition risks
    - Climate-related public policy programs and their outcomes that they assume responsibility for, that are useful for primary users of general purpose financial reports to support decision-making and accountability

How to determine what is required ?



Extract from the draft standard

Scope and key requirements

Public sector entities must disclose climate-related information in four specific areas:

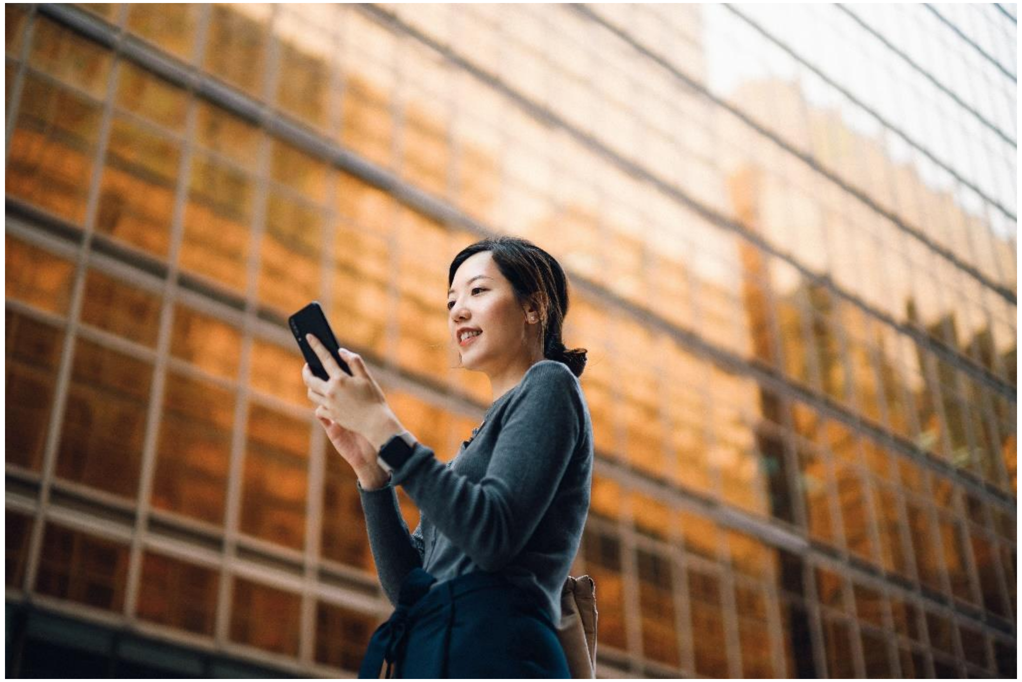
1. **Governance**: Oversight and management of climate-related risks and opportunities and outcomes.
2. **Strategy**: Entity's strategy for managing climate-related risks and opportunities and outcomes.
3. **Risk and Outcome Management** : Processes for identifying and managing climate risks, opportunities and outcomes
4. **Metrics & Targets**: Relevant data to measure climate related targets.

Governance disclosures

Objective: to enable primary users of general purpose financial reports to understand the governance processes, controls and procedures an entity uses to monitor, manage and oversee climate-related disclosures.

- The governing body(s) responsible for oversight of climate-related disclosures
- Governance processes and procedures used for overseeing climate risks and opportunities
- Governance processes and procedures used for overseeing climate related public policy programs and their outcomes
- Management's role and responsibilities for managing the important climate-related information

Strategy disclosures



Objective: to enable primary users of general purpose financial reports to understand an entity's strategy for managing climate-related disclosures.

- Strategies for managing climate-related risks and opportunities (e.g. effects on operations, decision-making, financial performance)
- Anticipated climate impacts over short, medium, and long-term periods
- Information about its strategy for climate-related public policy programs (e.g. challenges to achieving outcomes, financial implications to entity)

Risk and outcome management disclosures

Objective: to enable primary users of general purpose financial reports to understand an entity's processes to identify, assess, prioritize and monitor:

- Processes and policies for identifying, assessing, and managing Climate-related risks and opportunities to its own operations
- How risks are integrated into the broader risk management framework
- Anticipated and unanticipated challenges to the achievement of the intended outcomes of the climate-related public policy programs

Metrics and targets disclosures

Objective: to enable primary users of general purpose financial reports to understand an entity's performance, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation, in relation to climate-related disclosures.

- Climate-related metrics like greenhouse gas emissions and energy usage
- Rebuttable presumption that GHG Protocol applied
- Information on climate-related transition and physical risks
- Targets and progress tracking to show how effectively climate goals are being met

Transition options

Entities are not required to provide disclosures required under this standard fir any period prior to the date of adoption. No comparative information required in the first reporting period. For the first reporting period:

- Climate related disclosures may be reported up to nine months of the annual reporting period, and after the related financial statements are published;
- Scope 3 greenhouse gas emissions are not required to be disclosed; AND
- No requirement to disclose the change in greenhouse gas emissions from climate-related public policy programs that were in place on the date of adoption.

Effective date

An entity shall apply this [draft] Standard for annual reporting periods beginning on or after January 1 [YYYY]. Earlier application is permitted. If an entity applies this [draft] Standard earlier, it shall disclose that fact.

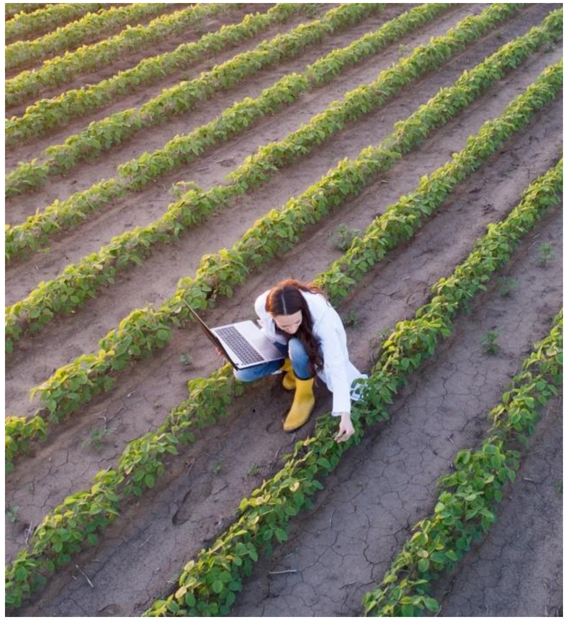
The date of adoption is the beginning of the annual reporting period in which an entity first applies this [draft] Standard.

The IPSASB SRS may be adopted either voluntarily or through mandatory requirements, and may be adopted separately from IPSAS.

An entity may apply this [draft] Standard irrespective of whether the entity's related general purpose financial statement are prepared in accordance with International Public Sector Accounting Standards (IPSAS) or other generally accepted accounting principles or practices (GAAP).

Focus on Tangible Natural Resources

Tangible Natural Resources- IPSAS ED 92



Focus on tangible natural resources held for conservation

For the purpose of this “draft” Standard, a natural resource is an item which:

a) is naturally occurring; and
b) embodies service potential, or the capability to generate economic benefits, or both.”

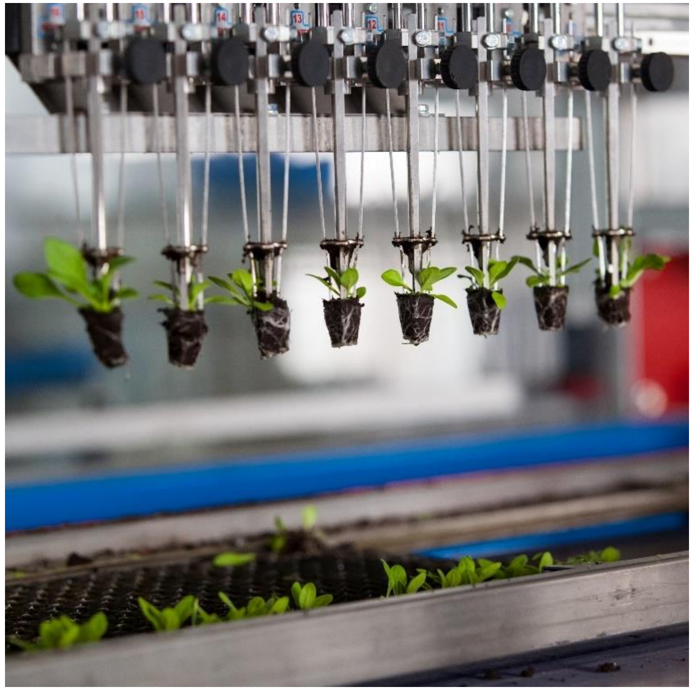
“Tangible natural resources are natural resources with physical substance.”

Tangible Natural Resources - scope

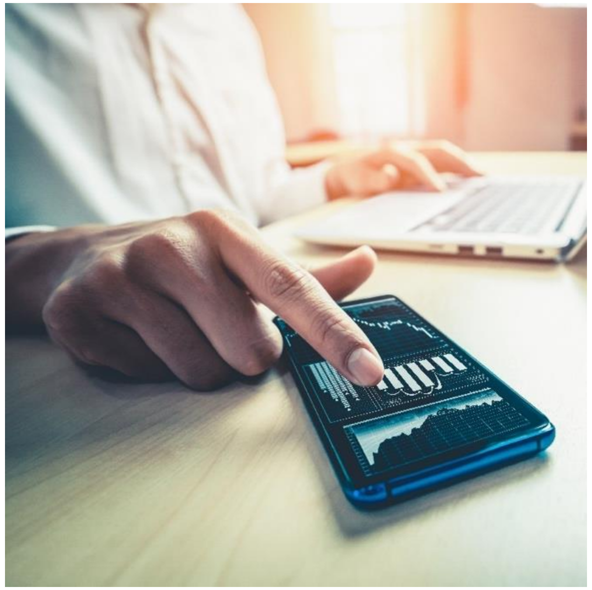
Requires an entity to provide disclosures in their financial statements that enable users to evaluate:
(i) The nature of, and risks associated with, tangible natural resources; and
(ii) The effects of tangible natural resources on the entity's financial position, financial performance, and cash flows

A focus on recognition if, and only if:

a) It is probable that service potential associated with the natural resource will flow to the entity;
b) The entity controls the tangible natural resource as a result of past events; and
c) The tangible natural resource can be measured reliably



Tangible Natural Resources – measurement and disclosure



A recognized tangible natural resource acquired through an exchange transaction shall be measured at its cost, and then subsequently remeasured by choosing either the historical cost model or the current value model. Rebuttable presumption that tangible natural resources should not be depreciated.

Disclosure requirements for recognized and unrecognized tangible natural resources.

Exemption provided for disclosures of information that may lead to further degradation of tangible natural resources which are rare or endangered.

Example

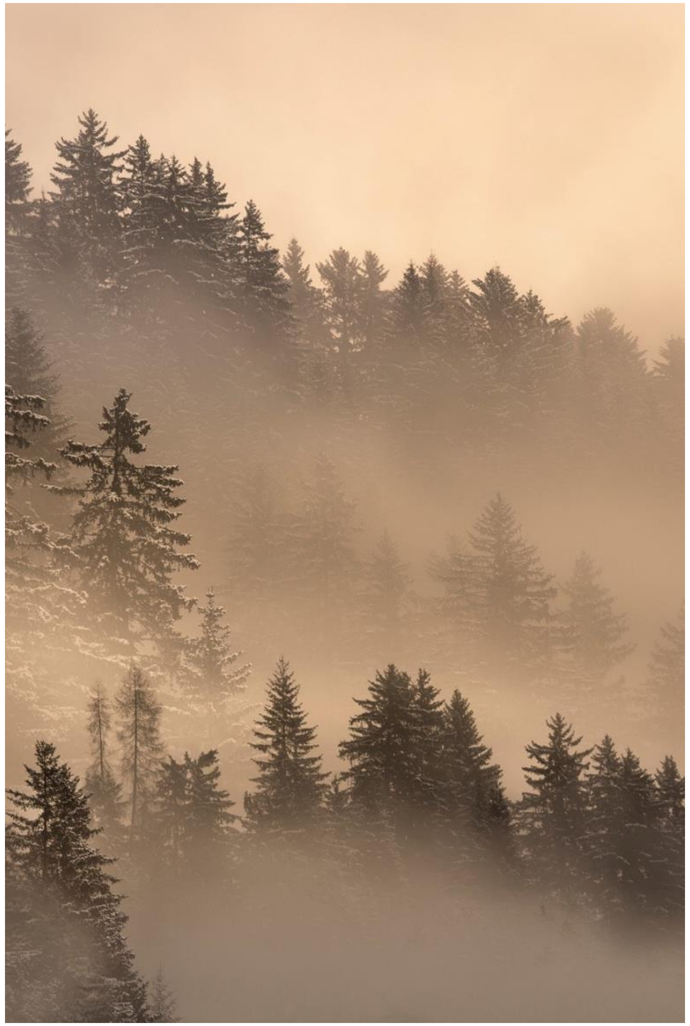
A tangible natural resource could have different accounting classification based on its primary intended use

E.g., a public sector entity controls a forest and manages its biological transformation

- Primary intention is to harvest and sell lumber
- Forest would be within the scope of IPSAS27, *Agriculture*

Alternatively, access to or use of the forest could be restricted

- Primary intention is to conserve the forest by limiting impact of human activity on local flora and fauna
- Forest would be within the scope of ED 92



Tangible Natural Resources – other highlights

Transition Options

The proposed standard may be adopted by using:

- Modified retrospective - Recognize the tangible natural resources meeting the recognition criteria on the date of initial application of this Standard at their deemed costs (current values) as at the date of initial application. The entity recognizes the cumulative effect of initially applying this Standard as an adjustment to the opening balance of accumulated surplus or deficit (or other component of net assets/equity, as appropriate) of the annual reporting period that includes the date of initial application. No need to consider tangible natural resources which had previously met the recognition criteria but were derecognized prior to the date of initial application.
- Retrospective – based on IPSAS 3

Other Amendments

Proposed amendment to description of “heritage asset”, so heritage assets that are also tangible natural resources are accounted for under this guidance.

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